

# EXHIBIT 2

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UNITED STATES DISTRICT COURT  
DISTRICT OF NEW HAMPSHIRE

SECURITIES AND EXCHANGE ) Civil Action No.  
COMMISSION, ) 1:21-cv-00260-PB  
Plaintiff, )  
vs. ) VOLUME 1  
LBRY, INC., ) (Pages 1 to 339)  
Defendant. )

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CONFIDENTIAL DEPOSITION OF  
DR. BORIS RICHARD  
VIA WEBEX VIDEOCONFERENCE  
Wednesday, March 30, 2022

REPORTED BY:  
ELBIA BAIRE  
JOB NO. 220330LHR

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1 Q. Okay. And can you tell me the  
2 billing rates of those four staff?

3 MS. MECHANIC: Objection.

4 MR. JONES: What's the objection?

5 MS. MECHANIC: The objection is that  
6 you are not entitled to the billing rates of  
7 consulting experts.

8 MR. JONES: Okay. We don't debate  
9 that now. But yes, we are.

10 MS. MECHANIC: Well --

11 Q. Let me ask you this, Dr. Richard.  
12 Did the work of those four people go  
13 into your production of this report that is  
14 Exhibit 137?

15 A. They contributed.

16 Q. Did those four people -- did those  
17 four people produce work that you relied on in  
18 forming your expert report?

19 A. Yes.

20 Q. Okay. Give me the billing rates of  
21 those four individuals, please.

22 MS. MECHANIC: Objection. You are  
23 not entitled to the billing rates of non -- of  
24 non-testifying experts.

25 MR. JONES: Your objection is noted.

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1 rates of his team.

2 But -- you know, so yes, we are  
3 going to instruct him not to answer because --  
4 we can talk about it later.

5 Q. Dr. Richard, consistent with --  
6 consistent with Federal Rule of Procedure 26,  
7 would you please tell us the compensation that  
8 was paid for this study.

9 A. Is that a question to me?

10 Q. Yes, it is.

11 A. Can you clarify your question? What  
12 do you mean by "compensation paid for this" --

13 Q. How much was -- how much was FTI  
14 paid in total for the report and its exhibits  
15 that you have in front of you as Exhibit 140 --  
16 excuse me, 137?

17 A. I was not handling the invoices in  
18 this particular matter. All I can remember is  
19 it's probably in -- in the vicinity of 160,  
20 \$150,000 dollars.

21 Q. Okay. And how much of that is  
22 billing for your work specifically?

23 MS. MECHANIC: To the best of your  
24 recollection.

25 A. It would be a fraction of that total

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1 billing number.

2 Q. Okay. And how many hours did you  
3 spend working on this report and -- and the  
4 underlying work that went along with it?

5 A. I do not recall the specifics of  
6 the -- the total amount of number -- the total  
7 amount of hours that I spent. I would expect  
8 that to be between 50 and 70 hours. But I  
9 cannot be -- I cannot be any more accurate than  
10 that.

11 Q. How many hours did the four people  
12 working for you each spend on tasks related to  
13 this engagement?

14 A. I did not track the exact number of  
15 hours that each of my member teams spent on  
16 this matter.

17 Q. Did FTI Consulting track that?

18 A. Some of the billing people who  
19 prepare the invoices, I'm sure they would have  
20 an answer for that.

21 Q. Okay. You are paid directly by FTI  
22 Consulting, correct?

23 A. I get salary from the FTI  
24 Consulting, yes.

25 Q. Okay. So you don't directly receive

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1 your team have done on those engagements?

2 MS. MECHANIC: Objection.

3 A. It is not a direct relationship. My  
4 understanding is that there is no exact formula  
5 that will connect my total compensation to the  
6 billings of the teams that I manage or  
7 supervised.

8 But there is some -- some -- some  
9 relationship between the total billings and my  
10 total compensation. Yes. But there is no  
11 exact formula. I'm part of the larger  
12 organization. So -- it is decided by people  
13 other than myself.

14 Q. In reviewing -- in working with the  
15 four individuals that you previously cited as  
16 part of your FTI Consulting team on this  
17 engagement, did you review all the calculations  
18 that those four team members provided to you?

19 MS. MECHANIC: Objection.

20 A. I reviewed -- I reviewed the -- my  
21 team members were tasked with producing the  
22 exhibits. And I would review the results that  
23 are displayed on the exhibits. And given that  
24 I have understanding of the underlying -- some  
25 of the underlying materials, I would also

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1 cross-check the numbers that I see on the  
2 exhibits vis-a-vis the data that I see in some  
3 of the user files.

4 Q. When you say your team members were  
5 tasked with doing the exhibits, does that mean  
6 that those team members actually generated the  
7 spreadsheets that -- that underlie those  
8 exhibits as well?

9 A. If -- if -- yes. If the exhibit  
10 requires an underlying input data, they would  
11 generate the input file. That's how --  
12 exhibit --

13 Q. What if the exhibit requires  
14 calculations and formulas, you are familiar  
15 that -- that Excel spreadsheets have formulas  
16 in them, correct?

17 A. Some of them do.

18 Q. All right. And some of yours that  
19 you produced in this case do, correct?

20 A. Some of them do, yes.

21 Q. Okay. Did you program those  
22 formulas or did someone else program them for  
23 you?

24 A. I'm not sure which formulas you are  
25 talking about. Can you --

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1 Q. Okay. Can I direct you to -- one  
2 second.

3 Can I direct you to page 144,  
4 starting on line ten.

5 A. Line ten --

6 Q. It's one that says 1218, then ten.

7 A. I see line ten.

8 Q. Can I have you read there to the end  
9 of the page.

10 A. Yup.

11 (At this time, the witness  
12 perused the aforementioned  
13 item.)

14 A. Okay. I'm done reading.

15 Q. Okay. And do you see there that --  
16 that Mr. Kauffman is testifying, in fact, that  
17 he -- he -- he is asked whether there could  
18 potentially be more than a thousand wallet  
19 addresses associated with LBRY.

20 And he says, "You can end up with a  
21 large amount of addresses with really small  
22 amounts of LBC in them," correct?

23 A. Yes. I have read that.

24 Q. All right. And so does the fact  
25 that there was potentially a large amount of



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1 LBRY wallets a concern to you when you were  
2 doing your analysis of the number of wallet  
3 addresses?

4 MS. MECHANIC: Objection.

5 A. It is not a concern on my part.  
6 Because, again, the -- the quantification and  
7 the timeline of the address -- cumulative  
8 number of addresses is -- is -- only should be  
9 taken in the context together with the analysis  
10 that I performed later to show that the address  
11 creation is -- is correlated and tracks in a  
12 positive way the additional functionality and  
13 additional utility features that are available  
14 to the users on the LBRY -- on the LBRY  
15 blockchain.

16 So secondly, I would also say that  
17 if you look at the first exhibit, one of my  
18 exhibits tracks the number of addresses with  
19 non-zero balances of LBRY credits. And by the  
20 end of the period, the number of those  
21 addresses is about 12 million.

22 And from -- from researching the  
23 data, I do know that the number of users, let's  
24 say by -- by December 2020, when the Odysee was  
25 released, it was about 9 million. So the

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1 number of addresses vis a vis the number of the  
2 users was 12 million over nine million.

3           So it appears -- it appears to me  
4 that in the extent that some addresses could be  
5 automatically and will be automatically created  
6 by the software at a wallet level. There is  
7 not a huge discrepancy between the number of  
8 users and the number of addresses that you see  
9 on-chain that have a non-zero token amounts  
10 sitting in them.

11           Q.     Well, your Exhibit 2 says that prior  
12 to 2020, there was a million or less addresses  
13 with a non-zero balance, correct?

14           A.     I don't recall exactly how many --  
15 how many millions of addresses there were. So  
16 what I said earlier in this testimony is that  
17 at some point prior to 2020, the accumulative  
18 number of address was in millions.

19           Q.     Well, can you pull up Exhibit --

20           A.     -- a particular time period.

21           Q.     Exhibit 138, please. Exhibit 2.

22           A.     I have it on my screen.

23           Q.     Okay. What is the volume of  
24 accumulative number of LBRY addresses with a  
25 non-zero LBC balance as of the turn -- as of

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1 Q. So does that tell you that when you  
2 made this model, you and your team only removed  
3 the day of the event and not the day before or  
4 after?

5 MS. MECHANIC: Objection.

6 A. I'm not -- I'm not sure sitting and  
7 looking at this right now because I see other  
8 entries where two days were reviewed. So -- I  
9 have --

10 Q. Two days seeing reviewed.

11 A. Well, for example, 12/18/2019, and  
12 then the next one is 12/21/2019.

13 Q. Okay. So --

14 A. There are two observations are  
15 removed here. So sitting in this chair right  
16 now, I can not tell you exactly why -- you  
17 know, if -- if it was a three-day period  
18 removed from this particular set up.

19 Q. You have your exhibits in front of  
20 you, sir?

21 Actually, you don't even need  
22 that --

23 A. I just switched to --

24 Q. Can you go to the announcements  
25 worksheet in the same Exhibit 143?

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1           A.     Yes.   Okay.

2           Q.     And you see here looking at in rows  
3 61 and 62 the reason that -- there are two  
4 events, one on 12/19/19 and 12/20/2019, that  
5 you are analyzing?

6           A.     I do see that.   Yes, I do see that.

7           Q.     Right.

8                   And so does that explain why there  
9 are two days removed in -- in -- in the time  
10 period we were just looking at in the  
11 regression prep worksheet?

12          A.     No.   I'm not sure.   I cannot -- I'm  
13 not prepared to answer this question.   As to  
14 whether this particular event is related to the  
15 fact that one observation was removed.

16          Q.     So you don't know whether or not one  
17 day was removed or three days was removed?

18                   MS. MECHANIC:   Objection.

19          A.     Looking at this spreadsheet now, no,  
20 I do not.   My instruction that I gave was very  
21 clear.

22          Q.     But three days should have been  
23 removed, correct?   That was the clear  
24 instruction that you gave?

25          A.     I believe so, yes.

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1 Q. And if you have not -- if your  
2 team -- let's put it on your team now, I guess.

3 If your team has not removed  
4 three days, then your estimation windows are  
5 miscalculating what is needed for the abnormal  
6 return, correct?

7 MS. MECHANIC: Objection.

8 A. They may or they may or may not. So  
9 depending on the -- depending on the size of  
10 the sample -- depending on the size of the  
11 sample period.

12 Q. Well, your sample periods are  
13 30 days and 90 days, correct?

14 A. That is correct.

15 Q. So in either sample, you are  
16 including two days that the news that you are  
17 analyzing is effecting in trying to establish  
18 the baseline against which you are judging it.

19 MS. MECHANIC: Objection.

20 A. I'm sorry. Can you repeat again?

21 Q. Well, in your estimation windows,  
22 you are including two days where you say that  
23 the news affects the price or potentially  
24 affects the price.

25 A. Three days.

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1 Q. Okay. But you don't know whether or  
2 not it does?

3 MS. MECHANIC: Objection.

4 A. The instruction was done to -- to  
5 the team member specifically to do that.

6 Q. Right.

7 And if the instructions were not  
8 carried out properly and that some of those  
9 days remain in the estimation window, then your  
10 results are off?

11 MS. MECHANIC: Objection.

12 A. Not necessarily. It's -- it needs  
13 to be tested. But it's unclear whether  
14 there -- many of the -- many of the statistical  
15 significance results that I received may have  
16 and will likely remain in tact.

17 Well, without testing -- without  
18 testing, I can not say one way or the other.

19 Q. Does it undermine your confidence  
20 and the opinion that you've rendered based on  
21 this data?

22 MS. MECHANIC: Objection.

23 A. My opinion -- my opinion is -- is  
24 the same because I know that the statistical  
25 significance results carry over to longer

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1 sample periods, like 90 days. And as you have  
2 seen yourself, in the 180 days.

3 So therefore, not removing,  
4 hypothetically, two observations out of 180, is  
5 unlikely to change the results in the  
6 statistical significance.

7 Q. What's your basis for saying that?  
8 Is it just two is not very much -- two is not a  
9 high percentage of 180?

10 MS. MECHANIC: Objection.

11 A. It's a very small percentage of a  
12 sample, that's correct.

13 Q. But if the -- if the results -- if  
14 the price change is abnormal for those days, it  
15 could abnormally throw it off even though it  
16 may only be a small percentage of the days,  
17 correct?

18 MS. MECHANIC: Objection. Asked and  
19 answered. A few times.

20 A. Again, my answer is that, if this --  
21 if -- if there's certain days where it's  
22 included where they should not have been  
23 included, sitting here, I'm not prepared to  
24 argue or make any statements that would change  
25 the results or my opinion.